GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:730
ANSWERED ON:26.07.2001
DEFERRED PAYMENT GUARANTEE BY PFC TO A.P.
SULTAN SALAHUDDIN OWAISI

Will the Minister of POWER be pleased to state:

(a) whether Power Finance Corporation has sanctioned a deferred payment guarantee to Andhra Pradesh Power Finance Corporation for its 430 MW Rayalseema Thermal Power Station;

(b) if so, the details thereof;

(c) whether all the terms and conditions have been fulfilled before sanctioned the guarantee;

(d) if so, the details thereof;

(e) whether the Chinese firm has been awarded this bid; and

(f) if so, the details thereof and completion schedule of the said power station?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : PFC has sanctioned a Deferred Payment Guarantee (DPG) to M/s. Andhra Pradesh Generation Co. Ltd. (APGENCO) to cover the foreign currency loan of US$ 261.79 million for setting up 2x210 MW Rayalseema Thermal Power Project (Stage-II) in Andhra Pradesh.

(c) & (d) : While sanctioning the financial assistance to M/s. APGENCO, certain terms & conditions were specified by PFC. M/s. APGENCO is expected to comply these terms & conditions before executing necessary guarantee documents. Details of terms & conditions which are yet to be fulfilled by APGENCO are given in Annexure.

(e) & (f) : Based on the available information, the Equipment Procurement & Construction (EPC) contract have been awarded to a consortium of M/s. Zhejiang Machinery & Equipment Import Corporation (ZMEC) & China Machinery & Equipment Import & Export Corporation (CMEC) of China. As per the terms of contract, the power plant is expected to be commissioned within 43 months of the payment of advance by M/s. APGENCO.

ANNEXURE

ANNEXURE REFERRED TO IN PARTS (c) & (d) OF THE UNSTARRED QUESTION NO.730 TO BE ANSWERED IN LOK SABHA ON 26.07.2001 REGARDING DEFERRED PAYMENT GUARANTEE BY PFC TO A.P.

TERMS & CONDITONS WHICH ARE YET TO BE FULFILLED BY APGENCO

1. APGENCO shall enter into a PPA with APTRANSCO which shall provide for the following in addition/modification to the draft PPA provided to PFC.

? The foreign currency fluctuation on all interest, repayment and guarantee payments related to foreign currency debt shall be recoverable as part of fixed tariff.

? The Rate of Return on Equity shall be prescribed at minimum level of 16%.

? The guarantee charges and other financial charges shall be recoverable under tariff.

? APGENCO shall be given deemed generation benefits upto 68.5% PLF under force majeure conditions.

? The terms of default shall be modified so that APTRANSCO shall be considered to be in default in the event of occurrence and continuance of any non payment of any payment obligation for a period of 30 days or more for any sum due instead of the current stipulation where the period has been fixed as 60 days or more for any obligation under Rs.30 crores.

2. APGENCO shall get the clearances obtained for the project like the APPCB clearance and the approval for chimney height revalidated to reflect the revised implementation schedule of the project.

3. APGENCO shall undertake to bring from it`s own sources, fund requirement formeeting the financial charges associated with the DPG against the Foreign CurrencyLoan during the construction period. APGENCO shall also undertake to fund costncrease, if any, from it`s own sources.

4. APGENCO shall tie up the requirement for beneficiated coal for the project.

5. APGENCO shall finalise the investment plan for the balance period of IXth Plan and Xth Plan and include the project in the same.

6. APGENCO shall clear all the dues of PFC as on date.

7. The Reform OFAP for AP shall be finalised and approved by APGENCO and the Government of AP.

8. The following security package for the guarantee shall be created in favour of PFC :

? Opening escrow account equivalent to 1.25 times of PFC dues.
? State Government guarantee.
? An irrevocable letter from the State Government to RBI to pay PFC from RBI account of Andhra Pradesh (which would have devolution money) and confirmation by RBI to PFC of having taken the instructions on record.